

California High-Cost Fund B - Advisory Committee

September 30, 2006

Steve Larson
Executive Director
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

RE: California High Cost Fund - B Administrative Committee's Annual Report for 2005-2006 Fiscal Year

Dear Mr. Larson,

Pursuant to Article 4.1(b) of the California High-Cost Fund – B Administrative Committee's (Committee) Charter, the Committee submits its annual report for the 2005-2006 Fiscal Year. The Committee met three times during the fiscal year, on September 19, 2005, April 20, 2006, and May 16, 2006. Below are the minutes of those meetings. As reported in the minutes of the May 16, 2006 meeting, the Committee was unable to vote on a proposed budget for FY 2007 – 2008 because there was a lack of quorum due to potential conflict of interest issues. The Committee did agree, however, to make available the Telecommunications Division's (TD) budget proposal to the public for comments. TD's budget proposal, which was posted on the Commission's website for public comments, is included below. Also included below is the current membership roster for the Committee.

The Committee would like to thank you and your staff for your continued support.

Respectfully yours,

Michael Ochoa
CHCF-B Advisory Board Alternate Member

cc: CHCF-B Committee Members

**California High Cost Fund –B
Administrative Committee Fund
Minutes of Meeting of September 19, 2005**

Venue

California Public Utilities Commission
505 Van Ness Avenue, Training Room “B”
San Francisco, CA 94102

Attendees

Primary Members

Hazlyn Fortune, CPUC – ORA – Chairperson
Peggy Hunt, Tri County Sentry
Judith K. Walters, NHA
Greg Gierczak, SureWest Telephone
Mike Foreman, SBC California

Alternate Members

Margo Ormiston, Verizon California, Inc.

Liaisons

Ravi Kumra, CPUC - Telecommunications Division
Sindy Yun, CPUC - Legal Division
Judy Cooper, CPUC – Public Advisors Office

Public

None

Meeting called to order: 10:40 am by Chairperson Hazlyn Fortune

Agenda Item #1: Introductions

All attendees introduced themselves.

Agenda item # 2: Public Comments

None.

Agenda item # 3: Review and approval of minutes of the previous Meeting

The draft minutes of the May 16, 2005 meeting of the California High Cost Fund (CHCF) – B Administrative Committee (AC) were approved as presented with the following modifications:

- All references to Roseville Telephone Company should be changed to SureWest Telephone.

Ms. Walters abstained from voting because she did not attend the subject meeting.

Ms. Hunt was not an active CHCF-B AC member so she could not vote.

Agenda item #4: Liaison Reports

Agenda item # 4a: Administrative Committee Budget Update

Ravi Kumra reported that Resolution T-16955, the CHCF-B AC Fiscal Year (FY) 2005-06 Expense Budget, was on the Commission's agenda for September 22, 2005.

Agenda item # 4b: Financial Report on the CHCF-B Fund

No one was present from Information Management Service Division (IMSD) to provide a budget update. Ravi Kumra was requested to write a note to IMSD to provide a current financial status of the CHCF-B AC Fund and also provide quarterly updates on an ongoing basis.

Agenda Item # 4c: Other administrative matters

Margo requested that her name should be changed to Margo Ormiston. She will provide an official request regarding the name change.

Agenda Item # 5: Budget Development

There was no discussion on this item.

Agenda item # 6: Presentation by Legal Division regarding conflict of interest concerns

Sindy Yun reported that:

- The Legal Division is reviewing modification of Conflict of Interest (COI) rules but has not finalized them.
- All CHCF-B AC members are required to conform with the requirements of Govt. Code Section 1090 and “The Fair Political Practices Act “. In general, AC members may not participate in any activity where there is an actual or a perceived conflict of interest. All CHCF-B AC members are also required to file Form 700.

Agenda Item # 7: Annual Report

Section 4.1 of the CHCF-B AC charter requires the AC to submit an annual report of its activities to the Commission no later than October 1st and advise the Commission on the development, implementation and administration of the CHCF-B program.

The CHCF-B AC decided that its annual report will contain the following:

- Cover letter.
- Discussion of significant issues affecting the CHCF-B program.
- Minutes for meetings of 6/3/04, 5/16/05 and 9/26/05 (Draft).

The cover letter will contain a statement that the annual report will be amended when actual financial information is received from IMSD.

Discussion items may include: Resolution of the COI issues, Quorum related issues, Financial status of the program, Tri-annual review of the program, Suggestions for improving the program and, Legislative processes that prevent the payment of claims when the State budget has not been passed.

To meet the October 1st deadline, the following process will be used:

- Hazlyn will draft the cover letter and the annual report and e-mail to Ravi.
- Ravi will forward the documents to all CHCF-B AC members.
- All CHCF-B AC members will send their comments to Ravi.
- Ravi will share the comments with Hazlyn who will incorporate them into the final report.

- Hazlyn will file the report and furnish a copy to Ravi.
- TD will send a copy of the report to all CHCF-B AC members.

Ravi was requested to furnish a draft of the minutes of the September 19, 2005 to Hazlyn and Cindy by Friday September 23, 2005.

Agenda Item # 8: Announcements

Ravi Kumra informed the Committee that:

- Mike Foreman has been appointed by the Executive Director to serve as a member of the CHCF-B AC replacing Jeff Mondon.
- Peggy Hunt has been re-appointed by the Executive Director as a Primary member of the CHCF-B AC.
- Hazlyn informed the CHCF-B AC that she will not be serving on the CHCF-B AC after the current meeting. She was not aware of her replacement.

Agenda Item # 9: Agenda items for next meetings

The CHCF-B AC decided that the next meeting should include a discussion on creation of subcommittees for various activities. This will be in addition to the current standing agenda.

Agenda Item #10: Date(s) and time(s) for future meeting(s)

The next meeting of the CHCF-B AC is scheduled for March 16, 2006 from 10:30am to 4:30 pm.

Adjournment

The meeting was adjourned at 12:15 pm.

Scribe: Ravi Kumra

**California High Cost Fund –B
Administrative Committee Fund
Minutes of Meeting of April 20, 2006**

Venue

California Public Utilities Commission
505 Van Ness Avenue, Room 4209/Room 2100
San Francisco, CA 94102

Attendees

Primary Members

Michael Ochoa, CPUC - DRA
Greg Gierczak, SureWest Telephone
Mike Foreman, AT&T

Alternate Members

Margo Ormiston, Verizon California, Inc.

Liaisons

Ravi Kumra, CPUC - Telecommunications Division
Sindy Yun, CPUC - Legal Division

Public

Peggy Hunt, Tri-County Sentry (By Phone)
Sheri Boles, CPUC - Public Advisors Office

Meeting called to order: 10:55 by Ravi Kumra in Room 4209.

Ravi Kumra reported that Michael Ochoa has been appointed to the CHCF-B AC (Board) representing the Division of Ratepayer Advocates (DRA). Michael replaces Hazlyn Fortune who was the Chair of the Board. Because of Hazlyn's departure, the Board needed to elect a new Chair.

The Board duly elected Michael Ochoa as its new Chair.

Ravi reported that Ms. Peggy Hunt, a member of the Board, was unable to be present but had requested to attend the meeting by

phone. The meeting was adjourned and continued in Room 2100 so arrangements could be made for Peggy to attend the meeting by phone. Peggy participated as a member of the Public.

Agenda Item #1: Introductions

All attendees introduced themselves.

Agenda item # 2: Public Comments

None.

Agenda item # 3: Review and approval of minutes of the previous Meeting

The draft minutes of the September 19, 2005 meeting of the California High Cost Fund (CHCF) – B Administrative Committee (AC) were approved as presented with the following modifications:

- Verizon of California should be changed to Verizon California.
- Add: Hazlyn Fortune announced that she will not be serving on the CHCF-B AC during the next scheduled Board meeting. She did not know who her replacement would be.

Agenda item #4: Liaison Reports

Agenda item # 4a: Administrative Committee Budget Update

Ravi informed the AC that Budget Resolution T-16964 was adopted by the Commission on December 1, 2005. That Resolution reduced the CHCF-B surcharge from 2.43% to 2.00% effective January 1, 2006 until further revised by the Commission. The surcharge is assessed on all end-user's bills rendered for intrastate telecommunications services.

Agenda item # 4b: Financial Report on the CHCF-B Fund

Flora Tagnipes provided a fund balance report to March 31, 2006.

Agenda Item # 4c: Other administrative matters

None.

Agenda item # 6: Presentation by Legal Division regarding conflict of interest concerns

Sindy Yun reported that:

- The Legal Division is reviewing modification of Conflict of Interest (COI) rules but has not finalized them.
- All CHCF-B AC members are required to conform with the requirements of Govt. Code Section 1090 and “The Fair Political Practices Act “. In general, AC members may not participate in any activity where there is an actual or a perceived conflict of interest. All CHCF-B AC members are also required to file Form 700.

Agenda Item # 7: Annual Report

Article 4.1 b) of the CHCF-B AC charter requires the AC to submit an annual report of its activities during the prior fiscal year to the Commission no later than October 1 of each year. Article 4.1 c) requires the CHCF-B AC to advise the Commission on the development, implementation and administration of the CHCF-B program.

The CHCF-B AC will review last year’s annual report during the next meetings and allocate responsibilities for preparing the report at that time.

Agenda Item # 8: Announcements

Ravi informed the Committee that the Commission is considering an Order Instituting Rulemaking (OIR) to take a relook at the CHCF-B program. The date of issuance of the OIR has not been finalized.

AC members were interested in the process to be followed if they had any questions related to the OIR. It was decided that the AC members could send Ravi their questions. Ravi would consolidate the questions and pass them on to the Chair who, in turn, would draft a letter to Counsel for a legal opinion. The legal opinion would be shared with all AC members.

Agenda Item # 5: Budget Development

Discussion of this item was moved to the end of the meeting to permit utility members the opportunity to recuse themselves due to potential conflict of interest.

Article 4.1 of the charter of the CHCF-B AC states:

- a) Pursuant to Pub. Util. Code Section 273(a), on or before June 1 of each year, the CHCF-B AC shall submit a proposed budget to the Commission's Telecommunications Division. The proposed budget shall include estimated program expenditures and the Committee's projected expenses for the fiscal year (July 1 through June 30) that will commence thirteen (13) months thereafter.

Ravi volunteered to provide TD's draft expense budget for FY 2007-08 prior to the next scheduled meeting of the AC. The AC may use that as a starting point to develop its expense budget.

Agenda Item # 9: New agenda items for next meetings

None. The currently used standing agenda will be used for the next meeting.

Agenda Item #10: Date(s) and time(s) for future meeting(s)

The next meeting of the CHCF-B AC was moved from May 16 to June 8, 2006. However, subsequent to the meeting, it was decided to revert the meeting date to May 16 from 10:30am to 4:30 pm. This will give the AC sufficient time to develop and file its FY 2007-08 expense budget by June 1, 2006.

Adjournment

The meeting was adjourned at 12:15 pm.

Scribe: Ravi Kumra

**California High Cost Fund –B
Administrative Committee Fund
Minutes of Meeting of May 16, 2006**

Venue

California Public Utilities Commission
505 Van Ness Avenue, Training Room “A”
San Francisco, CA 94102

Attendees

Primary Members

Michael Ochoa, CPUC - DRA
Mike Foreman, AT&T
Judith K. Walters, Neighborhood House Associates – By Phone
Peggy Hunt, Tri-County Sentry Newspaper - By Phone

Alternate Members

Margo Ormiston, Verizon California, Inc.

Liaisons

Ravi Kumra, CPUC - Telecommunications Division
Sindy Yun, CPUC - Legal Division
Judy Cooper, CPUC – Public Advisors Office

Public

Betty Lee, CPUC – Information and Management Services Division
Flora Tagnipes, CPUC – Information and Management Services
Division

Meeting called to order: 10:35 by Michael Ochoa

Agenda Item #1: Introductions

All attendees introduced themselves.

Agenda item # 2: Public Comments

None.

Agenda item # 3: Review and approval of minutes of the previous meeting

The review and approval of minutes of the May 16, 2006 meeting will be done during the next scheduled meeting. An incorrect version of the draft minutes were inadvertently enclosed with the meeting package.

Agenda item #4: Liaison Reports

Agenda item # 4a: Administrative Committee Budget Update

None.

Agenda item # 4b: Financial Report on the CHCF-B Fund

Flora provided a fund balance report as of April 30, 2006. The AC voted to request the Information Services Management Division (IMSD) to provide updated fund status reports during the AC's regularly scheduled meetings. The format of such reports would be the same as is currently provided to other public purpose programs.

Agenda Item # 4c: Other administrative matters

None.

Agenda item # 5: Presentation by Legal Division regarding conflict of interest concerns

Sindy reported that:

- the Legal Division is continuing its review of Conflict of Interest (COI) rules but has not finalized them. When the review is complete, the CHCF-B AC will be informed.
- All CHCF-B AC members are required to conform with the requirements of Govt. Code Section 1090 and "The Fair Political Practices Act". In general, AC members may not participate in any activity where there is an actual or a perceived conflict of interest. All CHCF-B AC members are also required to file Form 700.

Agenda Item # 6: Annual Report

Article 4.1 b) of the CHCF-B AC charter requires the AC to submit an annual report of its activities during the prior fiscal year to the Commission no later than October 1 of each year. Article 4.1 c)

requires the CHCF-B AC to advise the Commission on the development, implementation and administration of the CHCF-B program.

The CHCF-B AC will review last year's annual report during the next meetings and allocate responsibilities for preparing the report at that time.

Agenda Item # 7: Budget Development

Article 4.1 a) of the CHCF-B AC Charter requires that on or before June 1 of each year, the CHCF-B AC shall submit a proposed budget to the Commission's Telecommunications Division. The proposed budget shall include estimated program expenditures and the Committee's projected expenses for the fiscal year (July 1 through June 30) that will commence thirteen (13) months thereafter.

Ravi provided the AC with a copy of TD's expense budget for FY 2007-08. Mike Foreman, could not vote on the budget due to potential conflict of interest.

The AC requested Ravi to investigate the possibility of providing the option of video-conferencing for future AC meetings. Ravi will research and report back to the AC on this matter.

The AC requested to have Michael and Judy work together to generate a FY 2007-08 budget. That budget could then be filed with the Director, Telecommunications Division by June 1, 2006. The letter of transmittal will indicate that the budget could not be voted on because of lack of quorum of members without a conflict of interest.

Agenda Item # 8: Announcements

Ravi informed the Committee that the date for the Commission's proposed Order Instituting Rulemaking (OIR) to take a relook at the CHCF-B program has still not been finalized.

In response to questions from the AC, Sindy indicated that Advisory Boards may not be a party to an OIR. However, the advisory board may still identify issues of concern and communicate the same to the Commission. Members may file on their own behalf or as members of the public. Also, ex-parte rules are not applicable to OIRs.

Agenda Item # 9: New agenda items for next meetings

None. The currently used standing agenda will be used for the next meeting.

Agenda Item #10: Date(s) and time(s) for future meeting(s)

The AC voted on the following dates for FY 2006-07 meetings:

Tuesday August 15, 2006

Tuesday November 14, 2006

Tuesday March 13, 2007

Tuesday May 15, 2007

Adjournment

The meeting was adjourned at 1:05 pm.

Scribe: Ravi Kumra

CALIFORNIA HIGH COST FUND-B ADMINISTRATIVE COMMITTEE FUND						
PROGRAM EXPENSE BUDGET FOR FY 2007-08						
<i>Work Paper for Administrative Committee Expenses</i>						
	<i>Rate</i>	<i>Claimants</i>	<i>Total</i>	<i># Mtgs</i>	<i>Total</i>	
Per Diem	\$ 300	2	\$ 600	4	\$ 2,400	
Transportation	\$ 500	2	\$ 1,000	4	\$ 4,000	
<u>Other expenses</u>						
Incidentals	\$ 100	2	\$ 200	4	\$ 800	
Teleconferencing	\$ 300			4	\$ 1,200	

CALIFORNIA HIGH COST FUND-B ADMINISTRATIVE COMMITTEE FUND						
PROGRAM EXPENSE BUDGET FOR FY 2007-08						
<i>Work Paper for Administrative Committee Expenses</i>						
	<i>Rate</i>	<i>Claimants</i>	<i>Total</i>	<i># Mtgs</i>	<i>Total</i>	
Per Diem	\$ 300	2	\$ 600	4	\$ 2,400	
Transportation	\$ 500	2	\$ 1,000	4	\$ 4,000	
<u>Other expenses</u>						
Incidentals	\$ 100	2	\$ 200	4	\$ 800	
Teleconferencing	\$ 300			4	\$ 1,200	

CHCF-B AC Membership:	
Primary	Alternate
Michael Foreman AT&T	Margo Ormiston Verizon of California, Inc.
Greg Gierczak SureWest Telephone Company	Charles Born Frontier Communications
Judith K. Walters, Vice-Chair Neighborhood House Assoc.	Marlisa Johnson Community Action Board of LA
Peggy Hunt Tri-County Sentry Newspaper	Diana Lee Network
Michael Ochoa, Chair Division of Ratepayer Advocates	Robert Lehman Division of Ratepayer Advocates